

ARBITRAGE FUND PROGRAM

Abstract Of The Disclosure

[0077] An arbitrage entity is formed to manage arbitrage transactions. The arbitrage entity owns an interest in one or more leveraged annuity and one or more leveraged life insurance policy issued on the life of one or more client. Premium payments on the leveraged life insurance are financed by annuity proceeds. A capital infusion is obtained to purchase the leveraged annuity or annuities and the leveraged life insurance. The capital infusion amount is less than the death benefit of the leveraged life insurance. Upon death of the client(s), the death benefit and remaining assets of the arbitrage entity are net arbitrage proceeds. Net arbitrage proceeds are distributed in accordance with ownership interests in the arbitrage entity.